



Blue Star Limited
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February 22, 2016

To,
National Stock Exchange of India Ltd.
Exchange Plaza, 5th Floor,
Plot No.C/1, G Block
Bandra - Kurla Complex, Bandra (E),
Mumbai-400 051.
Fax No: 26598237 / 38
Ref Company Code : BLUESTARCO

The Secretary
BSE LTD.
Floor 25, P.J. Towers
Dalal Street
Mumbai 400 001.
Fax No. 22723121
Ref Company Code : 500067

Sub : Press Release

Dear Sir,

We enclose herewith copy of Press Release being released into newspapers, for your information and records purpose, receipt of which may please be acknowledged.

Thanking you,

Yours Faithfully,
BLUE STAR LIMITED

VIJAY DEVADIGA
COMPANY SECRETARY

Encl : as above

PRESS RELEASE

Blue Star to set up two new state-of-the-art manufacturing facilities at Jammu and Sri City

Blue Star Limited has announced that it is in the process of setting up two major manufacturing facilities to redesign and augment its manufacturing footprint. These will be located at Samba in Jammu and Sri City in Andhra Pradesh. The Company plans to invest Rs 215 crores over the next 3-4 years towards this exercise which will increase its overall production capacity by about a million units towards the final phase.

Blue Star had embarked on a manufacturing footprint programme with the help of KPMG. Consequent to that exercise, the Company closed down its Thane and Bharuch plants. Thus, currently, the Company has five plants in Wada, Dadra, Ahmedabad and Himachal Pradesh. Whilst the Plant at Sri City is proposed to be built around an area of around 20 acres, the Samba factory is to be constructed over 24 acres. These factories will primarily manufacture room airconditioners, deep freezers and water coolers.

The facility at Samba would enable the Company to avail of the excise duty exemption for a period of 10 years from the commencement of production. Apart from planning to avail State GST benefits for intrastate sales, the Sri City Plant would lead to considerable savings in logistics costs since a significant proportion of airconditioner sales of the Company is from the South. It would also de-risk the products business due to the spread of its manufacturing footprint in two different states. The significant enhancement in Blue Star's manufacturing capacity will help cater to the burgeoning demand in the domestic as well as export markets. Procurement of land followed by plant construction is proposed to start immediately for Samba to enable it to commence operations by FY18. Land procurement is expected to begin at the earliest for Sri City with the plant

construction planned in a phased manner to start operations by FY19.

The new factories are planned to be world-class manufacturing hubs with superior aesthetics and ergonomics, deploying state-of-the-art technology. These modern and contemporary plants will ensure that the products manufactured are not only globally competitive but also set new benchmarks in manufacturing technology in the country. The Company aims to transform into a digital enterprise by progressively building on smart manufacturing with Wi-Fi enabled products, inverter technology, vertical integration and environment-friendly products. Further, it intends to develop these plants as environmentally responsible and ecologically sustainable.

B Thiagarajan, Executive Director & President – AC&R Products Business, Blue Star Limited adds, "A detailed evaluation was undertaken by comparing qualitative parameters such as industrial location and quality of life, supplemented by multiple field visits by the project team to gather ground level insights. Blue Star will scale up its manufacturing operations considerably with fully integrated factories at Samba and Sri City to become the largest Indian manufacturer in the AC&R industry. The Company is keen to introduce the best of automation in these new facilities, actualising the country's vision of 'Make In India'. The integrated manufacturing strategy from design to lifecycle is envisaged to be one of its kind in the AC&R industry."

Place: Mumbai

Date: February 22, 2016.

For additional information, please contact Girish Hingorani, Senior General Manager, Blue Star Limited, Bandbox House, 254D, Dr Annie Besant Road, Worli, Mumbai – 400 030
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